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November 21, 2012

***Ex Parte Notice***

Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

**Re: *Connect America Fund, WC Docket No. 10-90; A National Broadband Plan for Our Future, GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers, WC Docket No. 07-135; High-Cost Universal Service Support, WC Docket No. 05-337; Developing a Unified Intercarrier Compensation Regime, CC Docket 01-92; Federal-State Joint Board on Universal Service, CC Docket No. 96-45; Lifeline and Link-Up, WC Docket No. 03-109; Universal Service Reform – Mobility Fund, WT Docket No. 10-208***

Dear Ms. Dortch:

The Commission's *USF/ICC Transformation Order* adopted a number of changes to rules governing Universal Service support and Intercarrier Compensation, including new section 54.313(a)(10), which requires high cost support recipients to self-certify every year that pricing of their voice services is no more than two standard deviations above the national average urban rate.

On December 29, 2011, the Wyoming Public Service Commission (WyPSC) and the Wyoming Telecommunications Association (WTA) filed separate Petitions for Reconsideration of the pricing certification requirement. In their petitions, WTA and WyPSC stated that while rural carriers in Wyoming have taken all reasonable steps to achieve rate comparability, local rate rebalancing requirements would likely make it impossible for some Wyoming companies to certify their prices for voice services were within the two standard deviation limit, estimated by WTA to be approximately \$27.

NECA's analysis, attached, corroborates WyPSC and WTA's findings. All 5 RLEC study areas in Wyoming have at least one exchange with a local rate in excess of \$27.

In total, 77 exchanges representing 93% of all RLEC exchanges within the state of Wyoming have local rates exceeding \$27. The problem, however, is not limited to Wyoming, but may affect RLECs in as many as 34 states.

A number of questions arise when determining the voice rate to be used in the certification required by section 54.313(a)(10). For example, should the urban and rural rates for basic local residential voice service only be compared, or should business rates be included in the comparison? Should additional line item charges such as federal SLCs, mandatory extended area service charges, per-line federal and/or state universal service contributions, state E911 charges, and/or state telecommunications relay service charges be included in the local rate analysis? Resolution of these questions can make a significant difference in the number of study areas affected by the two standard deviation limitation, not only in Wyoming but across the nation. For instance, depending on whether federal SLC amounts are included in the calculation, the number of affected study areas may range from 36 to as many as 197.

For these reasons NECA supports the practical solution suggested by WTA to modify section 54.313(a)(10) to offer alternate certification options for high-cost support recipients, instead of requiring each carrier to file for a waiver. Carrier-by-carrier waivers are the least efficient solution to this wide-spread problem. Instead, the Commission should allow carriers to self-certify their local residential voice service rates and rate structures are at or below the rates approved or allowed to take effect by their state commission, or otherwise authorized under state law.

Pursuant to Section 1.1206 of the Commission's rules, a copy of this letter is being filed via ECFS with your office. If you have any questions, please do not hesitate to contact me at (202) 682-2496 or [csandy@neca.org](mailto:csandy@neca.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Colin Sandy", with a stylized flourish at the end.

Attachment

cc: Alexander Minard

## National Analysis of Local Rates by State

STATE	Number of study areas with local rate in at least one exchange > \$27	% of study areas within the state with local rate in at least one exchange > \$27	Number of exchanges with local rate > \$27	% of exchanges within the state with local rate >\$27
WY	5	100%	77	93%
AK	14	74%	149	86%
MI	23	72%	83	78%
ID	9	64%	46	70%
MT	8	57%	96	52%
OR	14	52%	27	42%
WV	3	50%	7	25%
CA	6	46%	12	27%
ND	8	38%	53	19%
IN	12	38%	14	19%
IL	12	32%	42	36%
CO	7	29%	14	23%
NE	10	28%	86	43%
VA	4	27%	8	16%
NM	3	25%	14	19%
VT	2	25%	15	13%
WA	4	21%	7	17%
MS	3	20%	33	44%
UT	2	18%	8	10%
GA	4	17%	5	6%
NY	5	16%	10	11%
WI	10	16%	34	18%
OH	4	12%	6	9%
MN	9	12%	15	5%
LA	1	11%	5	16%
AZ	1	8%	4	6%
SD	2	7%	19	6%
AR	1	5%	1	1%
PA	1	5%	1	3%
AL	1	5%	2	3%
IA	6	4%	14	4%
KS	1	3%	2	1%
MO	1	3%	1	1%
TX	1	2%	1	0%
Total	197	21%	911	20%

### Notes:

1. Only states with at least one exchange with local rate above \$27 are displayed.
2. States are ordered by the % of study areas with at least one exchange with local rate > \$27.
3. Local rate includes basic rate for local service plus the additional charges incurred for measured service , plus state subscriber line charges, state universal service fees and mandatory extended area service charge, plus federal SLC.
4. Local rate information collected with 2012 NECA's Direct Case data collection.